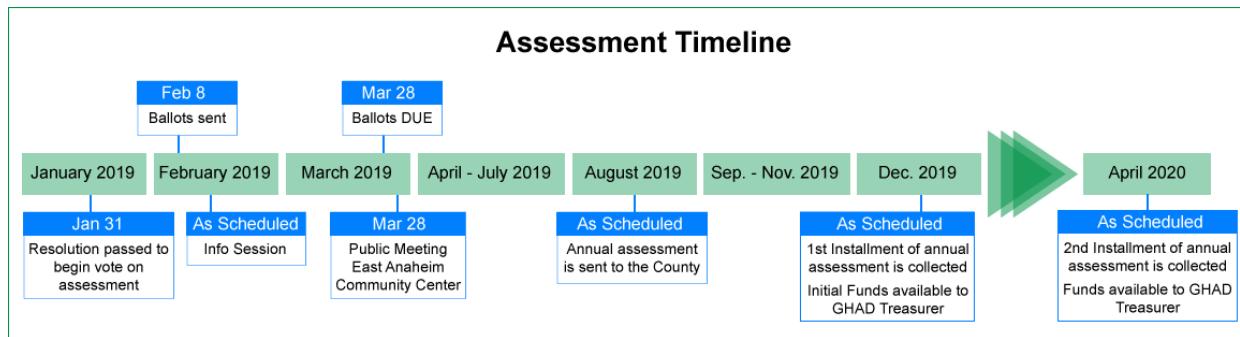


Santiago Geologic Hazard Abatement District (GHAD) Proposed Assessment Summary¹



On January 5, 1999, the Anaheim City Council formed the Santiago Geologic Hazard Abatement District (GHAD) with the approval of Resolution No. 99R-50. The Santiago GHAD was formed to stabilize past, present, and future land movement of the Santiago landslide. Since 1996, stabilization of the Santiago landslide has been accomplished by continual removal of groundwater through actively pumping wells and horizontal drains. The Board of Directors for the Santiago GHAD are elected from five property owners within the GHAD. The current boardmembers are Marc Schwering, Kaye Dabbs-Moyer, Hari Lal, and Rick Moyer. There is currently one vacancy on the board.

Settlement monies are currently used to fund operations of the Santiago GHAD. As detailed in the Santiago GHAD Plan of Control, site improvements for which the GHAD provides monitoring and maintenance are vertical groundwater pumping and observation wells, horizontal drains, and inclinometers.

Santiago Geologic Hazard Abatement District	Resolution 2019/03
Approximate Annual Assessment (2018/19 Dollars)	\$923*
* Assessment adjusted annually based on CPI for Los Angeles-Long Beach-Anaheim	
Administration	
Administration and Accounting - GHAD Manager	X
Web Maintenance	X
GHAD Clerk	X
GHAD Treasurer	X
Administration - Miscellaneous	X
Insurance - Open Space Areas	X
Membership Dues for the CA Association of GHADs	X
Assessment Roll and Levy Update	X
Proposition 218 and Support Services	X
Settlement Funds	
Existing "GHAD Distribution" Preservation	X
Maintenance and Operations	
Utility - Electricity	X
Well Maintenance	X
Geology and Monitoring	X
Sediment/Debris Removal Concrete-lined Drainage Ditches	X
Open Space Sediment/Debris Removal, Storm Drain Inlets and Outfalls	X
Slope Stabilization and Erosion Protection	X
Open Space Vegetation Management - Post Fire	X
Monitoring	
GHAD Monitoring Event - April and October	X
Heavy Rainfall Event Monitoring	X
Capital Improvements	
Concrete-lined Drainage Ditch Replacement	X
Major Well Reconditioning and Replacement	X
Contingency	
Contingency (5%)	X
Additional Reserve	
\$1,000,000 Additional Reserve (40-year-accumulation)	X

Highlighted items are currently not being funded by settlement monies.

¹ For complete assessment information, see Engineer's Report dated January 22, 2019.

Frequently Asked Questions (FAQs)

Why is a GHAD assessment necessary?

The activities of the Santiago Geologic Hazard Abatement District (GHAD) are currently funded through a settlement with the City of Anaheim ("GHAD Distribution"). It was anticipated that income from investment of the GHAD Distribution monies would be adequate to fund dewatering of the Santiago landslide in perpetuity. If lower groundwater levels are not maintained, through pumping and disposal, movement of the landslide will likely resume potentially damaging homes and other improvements. Low interest rate returns over the past 10 plus years has reduced income to the GHAD. In 1999, the initial GHAD Distribution was approximately \$3,500,000, and as of November 30, 2018, the fund balance was approximately \$1,443,000. The GHAD Distribution cannot be used to fund activities or facilities which do not materially and substantially promote the objective of stabilizing past, present, and future land movement of the Santiago landslide. The next step for the GHAD Board is to secure additional funding for the GHAD to allow dewatering operations to continue while there are homes and other residential improvements to protect. In addition, the GHAD assessment would expand GHAD services to include those responsibilities typically undertaken by most hillside GHADs and would also allow for reserve accumulation to fund unanticipated mitigation, monitoring, or repair activities. Most recently formed GHADs set assessment limits at a level that allows the GHAD to accumulate a reserve.

Presently the Santiago GHAD has around \$1.4 million in funds remaining. If expenses are approximately \$250,000 per year, this should last almost six years. What's the rush to vote on an assessment? Can't it wait?

It is likely that for the next few years, the Santiago GHAD will not need additional income from the proposed assessment to continue performing its current responsibilities; however, it would be prudent to start the assessment now rather than waiting until the remaining GHAD funds are exhausted.

1. The proposed annual assessment of \$923 per residence is based on the GHAD receiving income on the remaining \$1.4 million. The lower the remaining fund balance at the time an assessment is approved, the higher the assessment will be to cover the GHAD responsibilities. In addition, the \$1.4 million reserve allows the Santiago GHAD to respond in case of a larger geologic event. Additional reserve funds would be accumulated through a portion of the annual GHAD assessment.
2. Most endowments, such as the 1999 GHAD Distribution from the City of Anaheim, do not account for inflation and lose real purchasing power over time. Since the GHAD was formed, inflation has averaged about 3.2% per year. The proposed GHAD assessment limit will be adjusted annually for inflation based on the CPI for Los Angeles-Long Beach-Anaheim to account for increased monitoring, maintenance, and management costs. Without an additional source of revenue (an assessment), there is no way to fund the Santiago GHAD activities in perpetuity.
3. Passage of an assessment would allow the Santiago GHAD to address other geologic hazards within the District such as erosion and shallow slope instability that are typical responsibilities of a hillside GHAD. The Canyon 2 fire removed protective vegetation and created additional erosion and shallow slope instability concerns. Currently the Plan of Control does not allow GHAD funds to be applied to addressing these issues.
4. In California it is not possible to obtain insurance to cover loss due to ground movement (earthquake insurance is another matter). As such, a properly run GHAD remains the best option to help cover costs related to ground movement. However, there is also another concern. If the Santiago GHAD exhausts its funds, and you live in an area that is known to have experienced ground movement, it may be difficult or impossible to insure your property. By itself, this could lead to significant decreases in property values.
5. Since the dewatering wells have been in place since 1996, the Santiago landslide has not moved. If the wells are not properly operated and maintained by the GHAD, the landslide will begin to move again, which is potentially detrimental to all property owners within the Santiago GHAD. The GHAD cannot expect the City of Anaheim for additional resources or funds.

What are the requirements for the GHAD to impose an assessment?

The GHAD's ability to impose assessments is subject to both the provisions of the California Public Resources Code and Proposition 218, a statewide Constitutional initiative, which was approved by the voters at the November 5, 1996 general election. Proposition 218 added Article XIII D to the California Constitution, and that Article requires that all new or increased assessments in any district must be approved by a weighted majority vote of the property owners within the district. The votes are weighted in proportion to the size of the assessment. Ballot and election procedures were sent with the ballots mailed to all property owners within the Santiago GHAD.

Will there be public meetings?

The GHAD Board took action initiating the proposed assessment election on January 31, 2019. The GHAD will hold a public hearing at a GHAD Board meeting on March 28, 2019 at 6:00 p.m. in the East Anaheim Community Center, 8201 East Santa Ana Canyon Road, Anaheim, CA 92808. The Board of Directors will hear assessment protests and accept assessment ballots at that hearing. All interested persons are encouraged to attend the hearing and to speak or submit written comments about the proposed assessments.

What is the effective date and duration of the assessment?

If approved, the assessment to cover the GHAD's Expenses shown in the Engineer's Report dated January 22, 2019 would be initiated by submitting an assessment roll to Orange County in August 2019 and the assessment would be included on your property tax bill, due in December of 2019 and April of 2020. The tax revenues would be available to the GHAD starting in December of 2019. Thereafter, the assessments will continue on an annual basis.

What is the amount of the new assessment on each property?

The annual assessment limit, as set in the Engineer's Report, is \$923 per residential unit (2018/19 dollars). The assessment limit will be adjusted annually to reflect the percentage change in the Los Angeles-Long Beach-Anaheim Consumer Price Index (CPI) for All Urban Consumers. The assessment limit will be adjusted annually using an initial date of June 2019 for the CPI. Each subsequent annual adjustment will be calculated using the 12-month period from June to June. The assessments are to be levied beginning in the first assessment cycle of the fiscal year 2019-2020.

What if I have questions and cannot make it to the public meetings?

You can contact the GHAD Manager for any questions. Santiago GHAD Manager, Eric Harrell, 6 Morgan, Suite 162, Irvine, CA, 92618-1922, (925) 866-9000, (949) 529-3479, echarrell@engeo.com